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The Attractiveness of Online Travel Agencies – Cultural Differences in Online Buying Behavior

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TIIVISTELMÄ

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Tutkimuksen tavoitteena oli tarkastella mitkä tekijät vaikuttavat ihmisten päätöksiin ostaa matkapalveluja verkosta ja millaisia kulttuuritaustaan perustuvia eroja ihmisten ostokäyttäytymisessä mahdollisesti esiintyy.

Opinnäytetyön teoriaosuudessa keskustellaan tutkimusaiheen keskeisistä käsitteistä ja lisäksi matkapalveluiden verkko-ostamisen mahdollisista hyödyistä sekä haitoista. Tutkimuksessa hyödynnetyt teoriat esitellään myös teoreettisessa viitekehyksessä lyhyesti. Tutkimuksen empiirinen osuus suoritettiin pääosin Vaasan ammattikorkeakoulun opiskelijoiden keskuudessa kvantitatiivisena tutkimuksena. Opiskelijoille lähetettiin kysely, jossa esitettiin kysymyksiä liittyen ostokäyttäytymiseen ja matkailutottumuksiin.

Tulokset osoittavat, että matkapalvelujen varaaminen verkossa koetaan nopeaksi ja helpoksi verrattuna perinteisiin matkatoimistoihin. Turvallisuus ja luotettavuus ovat kuitenkin tärkeitä tekijöitä ostopäätöksen syntymiselle. Pienen vastaajamäärän vuoksi merkittäviä kulttuuriin perustuvia eroja tuloksista ei voitu havaita.

ABSTRACT

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The aim of this thesis was to study what factors have made people to buy travel services online and what kinds of cultural differences occur in buying behavior. This research was conducted to find out how students from different cultural backgrounds think about buying travel services from online websites.

In the theoretical study of the thesis the concepts of online travel industry were introduced, in addition the general idea of advantages and disadvantages of online booking were discussed. The theories, such as Geert Hofstede's theory of Cultural Dimensions, used in this research were presented in the theoretical framework. A quantitative research method was used and the data was collected mostly from students at Vaasa University of Applied Sciences.

The results showed that online booking was perceived as an easy and convenient way to purchase travel services. However, security and trustworthiness of the website were important factors when making the decision. There were no significant cultural differences observed in buying behavior based on the answers.

Keywords	online travel agencies, traveling, buying behavior
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CONTENTS

TIIVISTELMÄ

ABSTRACT

1	INTRODUCTION	9
1.1	Objectives of the research	9
1.2	Structure of the thesis	9
1.3	Limitations of the research	9
2	ONLINE TRAVEL AGENCIES	10
2.1	Definition of Online Travel Agency	10
2.2	Definition of Meta-Search Engine	13
2.3	Online Travel Agency Services	14
2.4	Technology	14
2.4.1	Internet & Mobile Devices	14
2.5	Three Stages of the Purchase Process	16
2.5.1	Pre-Consumption	16
2.5.2	Consumption	16
2.5.3	Post-Consumption	16
2.6	Advantages and Disadvantages	18
2.6.1	Advantages of using Online Travel Agencies	18
2.6.2	Disadvantages of using Online Travel Agencies	18
3	ONLINE CONSUMER BEHAVIOR	20
3.1	The FFF-Model of Online Consumer Behavior	20
3.1.1	Factors	20
3.1.2	Filtering Elements	21
3.1.3	Filtered Buying Behavior	21
3.2	Cultural Dimensions	22
3.3	Hofstede's Cultural Dimensions	23
3.3.1	Uncertainty Avoidance	24
3.3.2	Individualism versus Collectivism	25
3.3.3	Indulgence versus Restraint	25
4	EMPIRICAL STUDY	27
4.1	Background of the research	27

4.2	Quantitative research method	27
4.3	Questionnaire for students	28
4.3.1	Structure of the questionnaire	28
4.4	Result Analysis	29
4.4.1	Gender & Country of Origin	29
4.4.2	Travel Frequency	30
4.4.3	Online Travel Booking.....	30
4.4.4	Technology.....	31
4.4.5	Websites	32
4.4.6	Purchase Decision	33
4.4.7	Cultural differences in online buying behavior.....	33
4.5	Summary	34
4.6	Reliability and Validity of the research	36
5	CONCLUSIONS AND SUGGESTIONS	38
	REFERENCES.....	40

APPENDICES

LIST OF FIGURES AND TABLES

Figure 1. Top 5 Metasearch Domains Worldwide by Traffic	p. 13
Figure 2. Mobile Phone Users Worldwide	p. 15
Figure 3. The FFF-Model	p. 22
Table 1. Parent Companies	p. 12
Table 2. The Six Dimensions of National Culture	p. 24
Table 3. Online Booking via PC / Laptop	p. 35
Table 4. Online Booking via Mobile Phone	p. 36

LIST OF APPENDICES**APPENDIX 1.** Questionnaire

1 INTRODUCTION

1.1 Objectives of the research

The key problems of this thesis are: “What factors have led people to buy their tourism services online instead of buying from traditional travel agencies?” and “What kind of tourism services do people want to buy and whether there are any cultural differences in consumer buying behavior?”

When reading this paper, the reader will understand the definition of Online Travel Agency and Meta-search Engine, and also the difference between these two concepts. Moreover, the reader will get an idea of cultural differences that exist in consumer online buying behavior.

Based on the results of this study, the reasons for using online travel agencies will be qualified as well as the cultural differences in consumer behavior will be analyzed. The results will also prove the most popular travel services among students.

1.2 Structure of the thesis

The thesis is divided in six chapters; the first chapter is introduction to the research. The theoretical framework consists of the chapters 2 and 3, whereas the empirical study including the result analysis is introduced in chapter 4. The final chapter 5 will give a conclusion and further suggestions for the study.

1.3 Limitations of the research

The questionnaire will be sent to VAMK students including students who are either completing their exchange period or their full degree in Vaasa University of Applied Sciences. Therefore, there is a variety of cultural backgrounds among the respondents.

Since the questionnaire is carried out within Vaasa University of Applied Sciences the majority of respondents are students at VAMK therefore no significant variety of age can be formed. Due to lack of age variance, the effect of respondents' age will not be taken into consideration when analyzing the final results. However, the gender and cultural background can and will be used to analyze consumer behavior online and, also, what kinds of travel services are being used among the respondents of the study.

2 ONLINE TRAVEL AGENCIES

In this section a comprehensive definition of online travel agency and meta-search engine will be represented including the most common services that the agencies offer for the customers online. Examples of certain web-based travel agencies and meta-search engines will be given in order to bring out a clear image of what the travel agency websites are all about and what services are available when discussing increasing popularity of online travel agencies. Introducing key services and possibilities of online travel agencies leads us to discussing the major changes in travelers' behavior later in this thesis. In addition, a technology making it possible to maintain these online agencies is looked over later in this chapter.

This chapter is not only focused on the travel agencies but also on the purchase process and the different stages of the process. Acknowledging these three stages of buying services online will help to understand how consumers act at different phases before and after the purchase. Literary sources are used to explain and understand the process briefly.

At the end of this chapter, background information on so-called "Online Tourism" will be given. Also, several advantages and disadvantages of using OTA's are listed. These are based on articles on online tourism.

2.1 Definition of Online Travel Agency

Online Travel Agency (OTA) is a travel company or a travel website that has targeted its services online. Another word to define travel agencies that are operating online is "contemporary travel agency" (Batinic, 2013). Over the past years, the internet has taken an important role in consumers' daily activities and this has generated opportunities for businesses that operate in the field of tourism.

In general terms the whole Online Travel Industry consists of a few big companies that own multiple websites that are, in other terms, independent brands. Usually these brands are built under certain services such as accommodation, flights or rental cars. The globally known major companies are Priceline and Expedia (Table 1). As an example, one of the largest accommodation website *Booking.com* is owned by Priceline whereas another hotel provider *Hotels.com* is owned by Expedia. (The Henry Fund, 2016)

There are also other companies such as The Kilroy Group that has a profile as a company “specialized in offering products and services tailor made for the youth and students” (Kilroy Travels, 2016). The group has been operating under the name of Kilroy since 1991 and has reached the position as one of the largest agencies providing travel services such as flights, insurances and accommodation. Kilroy also helps students by providing training and education opportunities abroad. (Kilroy Travels, 2016)

Table 1. Parent Companies (The Henry Fund, 2016)

Company	Websites
Priceline	Booking.com Priceline.com Agoda.com KAYAK RentalCars.com OpenTable
Expedia	Expedia.com Hotels.com Hotwire Travelocity Egencia CarRentals.com Orbitz.com Cheaptickets.com
Tripadvisor	Tripadvisor.com
Ctrip	Ctrip.com

Source: Expedia, Priceline, TripAdvisor

2.2 Definition of Meta-Search Engine

The basic idea of meta-search business is to acquire customers to travel service providers or cyber-intermediaries who operate online. The fact is that meta-search companies do not do this for free but they “collect a fee on the completed transactions”. Based on the information from the year 2008, the shares of online bookings were still quite even between the travel service providers and cyber-intermediaries while meta-search companies were taking a significant amount of fees and making their role permanent in the field. (Aspray & Ceruzzi, 2008)

Meta-search companies such as Skyscanner, Kayak and Momondo all provide bookings for hotels, flights and rental cars. This makes it easy for travelers to search for these services on one website instead of multiple websites. When looking at Figure 2 below it can be seen that *Tripadvisor.com* was the most popular meta-search website by visits in January 2015 and *Booking.com* was the most popular website where visitors were redirected from *Tripadvisor.com*.

Figure 1 Top 5 Metasearch Domains Worldwide by Traffic

Rank	Web domain	Estimated visits per month - January 2015	Most redirects
1.	Tripadvisor.com	68 million	Booking.com
2.	Skyscanner.net	48.4 million	Easyjet.com
3.	Tripadvisor.co.uk	23.9 million	Booking.com
4.	Kayak.com	20.5 million	Priceline.com
5.	Cheapoair.com	14 million	Bookingbuddy.com

Source: Similarweb, February 2015

Source:

http://www.eyefortravel.com/sites/default/files/1570_eft_metasearch_report_v6.pdf

In Online Travel Industry, meta-search engines give travelers an opportunity to search and compare the offers by OTAs and service providers regarding hotels, flights and rental cars for example. The benefit is that consumers choose the offer they want to get after which they will be redirected to the service provider's website (Woodman, 2014).

As has been said, the lines between Meta-Search Engines and Online Travel Agencies are becoming increasingly blurred. (EyeforTravel, 2015)

2.3 Online Travel Agency Services

By now we have been defined OTA and Meta-Search Engine, but the following list introduces the services that are available for travelers who are planning on booking online:

- Flights
- Accommodation
- Rental Cars
- Travel Insurance
- Online Support (Chat, FAQ).

2.4 Technology

Tourism Industry is changing since Online Travel Agencies have taken a stable position in consumers' minds. This technological revolution we are now living in has formed new channels for OTAs to operate. Not many years ago, the internet finally made it possible for consumers to book their trips online with no visit at local travel agency. Businesses must follow the latest trends to reach customers' point of interest. (EyeforTravel, 2015)

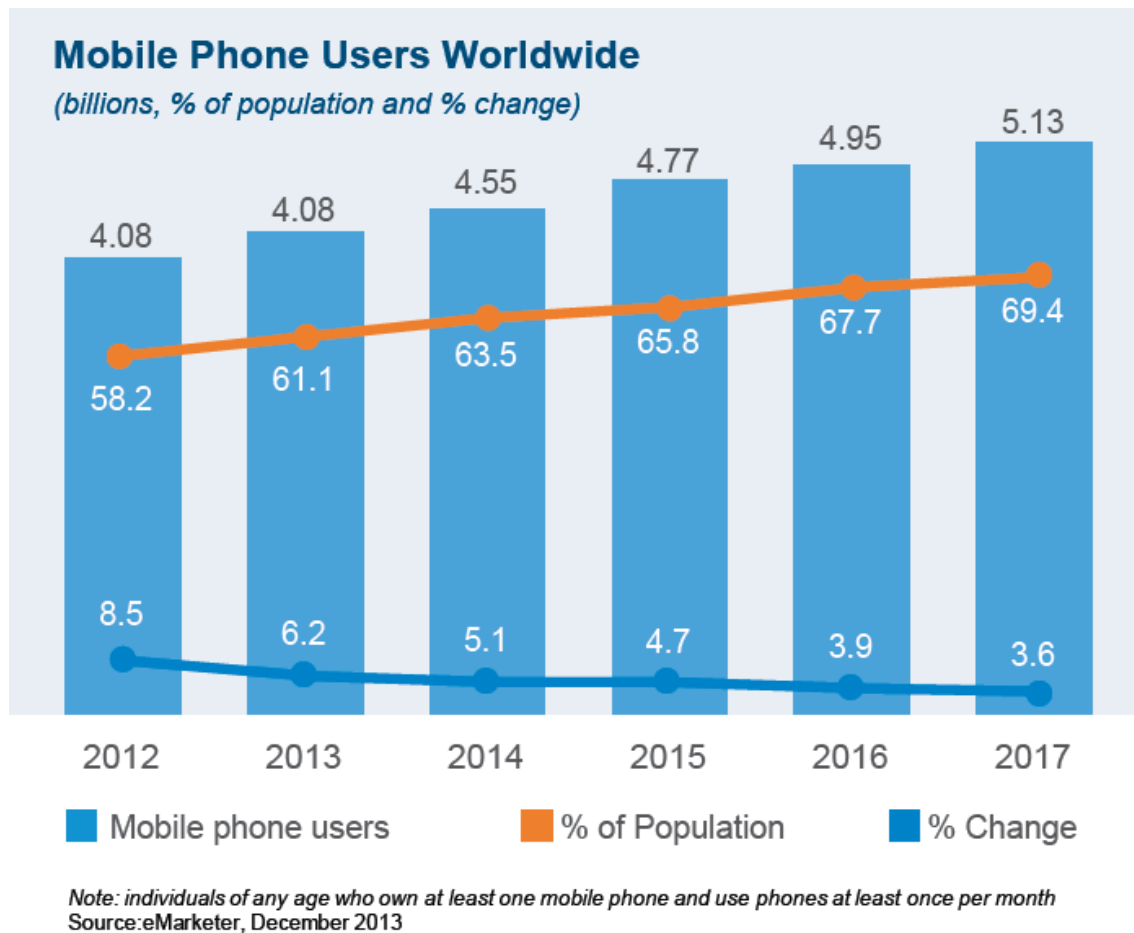
2.4.1 Internet & Mobile Devices

The traditional use of the internet is evolving when it comes to laptops and PCs. Due to increasing popularity of mobile devices also OTAs have noticed the change and launched travel applications (later Apps) to make it easy to search and book trips on smartphones or other mobile devices such as tablets. (EyeforTravel, 2015)

As shown below (Figure 1), the number of mobile phone users is increasing evenly and the estimated number of mobile phone users in 2017 is 69.4% of the world's population. Investments in mobile technology that allow consumers to search, book and pay their

hotels, flights and other travel services on their mobile devices are viewed important among the meta-search companies like Skyscanner (EyeforTravel, 2015).

Figure 2 Mobile Phone Users Worldwide



Source: <http://www.travelclick.com/sites/default/files/March%20Perspective%201.png>

According to John Hach, TravelClick’s senior industry analyst, bookings through OTAs and company websites “are continuing to experience significant growth”. Consumer behavior is changing, therefore, booking “via digital channels and mobile devices” has raised its popularity among travelers. (TravelClick, 2015)

2.5 Three Stages of the Purchase Process

The Purchase Process can be divided into multiple stages that have been introduced in literature in the past and those stages still play an important role when examining customers' buying behavior. In a nutshell, the basic assumption of the process is that customers "find the information, evaluate it and make a choice" (Karimi, 2013). Since this paper is directly focused on online consuming and consumers' behavior in online travel services, only the stages where "web-based technologies play an important role" (Christou, 2016) are introduced.

The following stage-descriptions are based on publications "Social Media in Travel, Tourism and Hospitality: Theory, Practice and Cases (2016)" written by Evangelous Christou, and the chapter is called "The Three-Stage Model of Service Consumption," in *The Handbook of Service Business: Management, Marketing, Innovation and Internationalisation* (2015). The chapter is written by Rodoula H. Tsiotsou and Jochen Wirtz.

2.5.1 Pre-Consumption

Pre-Consumption is a stage that happens before the buying decision. On this stage, the consumer is looking for options, comparing different alternatives of the services he/she is interested in. By the reason of the major role of web tools and social media in online travel industry, consumers are now able to compare services based on reviews by other tourists who have already experienced the service this consumer is currently looking for (Christou 2016, 175). As an example, TripAdvisor let visitors write reviews and rate services on a star scale from 1 to 5 stars.

2.5.2 Consumption

Once the consumer selects the service he wants, the service provider will be informed of the services selected by the consumer. This results on the consumption stage where "the consumer's experience takes place" and he "connects to the web to find detailed information on a specific activity...or contract new services." (Christou 2016, 175)

2.5.3 Post-Consumption

The final stage of the process is called the Post-Consumption stage, which takes place after the consumer has experienced the service, for example, a night at the hotel or a

flight from Helsinki to Stockholm. In this stage the consumer is willing to share his/her experience; this can be done by rating the service or sharing pictures regarding the service that was experienced. Today, web tools play an important role in all stages of the purchase process and increasing channels of social media give us an opportunity to find out recommendations and feedback given by other tourists. (Christou 2016, 175)

2.6 Advantages and Disadvantages

Online Travel Agencies can be seen as a huge opportunity but also as a risk among consumers who are tend to book their trips online. There are several advantages and disadvantages surrounding online booking and these are discussed about in this section. All advantages and disadvantages presented in this section are collected from various websites and are based on articles published online. To clarify, the following advantages and disadvantages are discussed from customers' point-of-view.

2.6.1 Advantages of using Online Travel Agencies

One of the major advantages of booking online through OTAs or Meta-search websites is the possibility to compare prices for the desired services such as hotels or flights (Estravel 2017). Using a website based on the meta-search technology, the customer is allowed to select the dates and compare the prices offered by different providers like airlines, hotels or travel agencies. This flexible date search normally means that these websites are featured with a calendar that shows prices for either the selected month or for a few days before or after the selected date. (Hobica 2011)

Websites such as TripAdvisor also let people to write reviews and rate services that are available. For example, after their holiday, travelers may write reviews of their experience of hotels or airlines to help other travelers choose e.g. the most suitable hotel. (Perspectif 2016)

In most cases, by booking through online travel agencies, customers have an opportunity to create multi-airline itineraries, which means they can book flights including more than one airline carrier, and are still able to book all flights through the same website. Normally it is not possible to combine multiple airlines into your itinerary in case you try to book your tickets directly from an airline's own website. (Hobica 2011)

2.6.2 Disadvantages of using Online Travel Agencies

Reliability of online travel sites is an important factor when booking online; consumers want to be certain the website is not a scam and the security of the payment is guaranteed. (Stern 2010)

Besides the fact consumers have good IT skills today, booking online can take relatively more time compared to using a traditional travel agent. Searching for the best deals for specific dates is usually time-consuming. (Exciting World Travels 2014)

Based on my own experience, if booking online, it may be difficult to find the right service provider who is responsible for your reservation. This may result in confusion, for example, if your flights are rescheduled or cancelled. Normally OTAs give you a reservation number to keep track of your upcoming trip but, in case changes must be made for your reservation, you should contact the actual service provider.

3 ONLINE CONSUMER BEHAVIOR

3.1 The FFF-Model of Online Consumer Behavior

The FFF-Model (Factors, Filtering Elements, Filtered Buying Behavior) is a model for online consumer behavior. It was first introduced in 2012, by professors Ujwala Dange and Vinay Kumar from Priyadarshini Engineering College and S. B. Patil Institute of Management. (Grabowski 2014)

This model is relevant and up-to-date since it takes the recent concerns into account; customer security and privacy have become important elements in online shopping. The three steps of the FFF-Model are described in next subheadings.

3.1.1 Factors

According to Dange & Kumar, the first step is about defining the factors affecting consumer buying behavior. These factors act as motivators to buy services online and they are either external or internal. External factors are formed “beyond the control of the customers” (Grabowski 2014) and can be divided into five groups that are: demographics, socio-economics, technology and public policy; culture; sub- culture; reference groups; and marketing (Figure 3).

While external factors are formed in the environment, internal factors are based on personal attitudes and feelings toward the product or the service. It has been said that internal factors are “variety of psychological processes, which include attitudes, learning, perception, motivation, self image, and semiotics.” (Dange & Kumar 2012, 7)

Professor Jagdish Sheth has created a theory for two types of buying motives: Functional and Non-Functional Motives. A consumer forms these kinds of motives based on above mentioned factors; external and internal factors. A consumer’s needs and factors like the price of the product or delivery time will define the functional motives, whereas, the cultural background or other social values will form the non-functional motives. (Grabowski 2014)

3.1.2 Filtering Elements

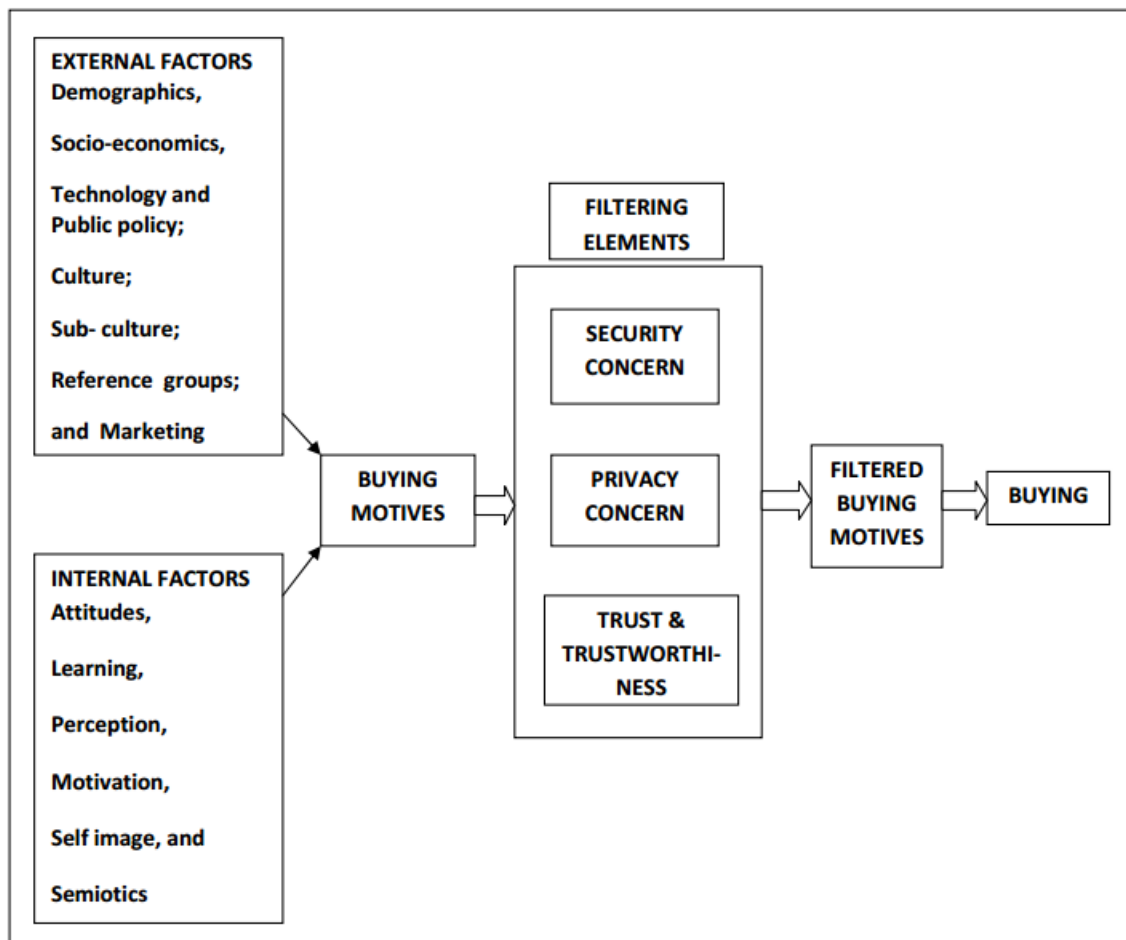
In this step the filtering factors that consist of security, privacy and trust in online shopping are taken into consideration. In today's web-based shopping culture, these three factors are one of the major concerns since customers want to do their shopping securely; making sure their privacy will not be violated and their personal or payment information will not be used for other purposes. (Dange 2012, 8)

To increase reliability, numerous websites now provide third-party verifications for their customers to make them feel more secure while providing information to the website. Since online shopping is generally seen more insecure than buying directly from the seller in a physical store, it is important to act respectfully and not give any information for other purposes. (Dange 2012, 8)

3.1.3 Filtered Buying Behavior

Consumers make their purchase decision based on the filters mentioned above: security, privacy and trust. This results in filtered buying behavior which is the last step of the model. The steps of the FFF-model are presented in Figure 3. If all the filters are passed positively the consumer is willing to make a purchase decision. (Grabowski 2014)

Figure 3 The FFF-Model



Source: <http://ecommerceinsiders.com/wp-content/uploads/2014/05/Screen-Shot-2014-05-19-at-09.12.56.png>

3.2 Cultural Dimensions

This chapter presents cultural dimensions in a national culture in order to explain possible differences in consumers' online buying behavior. Not all countries share similarities in their culture, therefore, typical features in culture of different nationalities must be introduced. In this paper, a model by Professor Geert Hofstede is used as a supportive theory when explaining cultural differences in buying travel services online. His cultural framework is explained later in this chapter.

To understand the behavior of people from different cultural background we must know the typical values for certain cultures or regions. The statements represented later in this

chapter are based on a website of The Hofstede Centre, and also on literature written by Geert Hofstede.

3.3 Hofstede's Cultural Dimensions

A Dutch Professor Geert Hofstede became famous by conducting a study of how cultural factors affect values in the workplace. Completed together with his research team, Hofstede's research generated the six dimensions of national culture (Table 2). These dimensions are seen as sort of preferences that separate different countries or regions from each other. As an example, people living in country A prefer *individualism* while people who represent citizens of country B are used to operate in groups and therefore prefer *collectivism*. (Hofstede, Hofstede & Minkov 2010)

Hofstede defines national culture as “the collective programming of the mind distinguishing the members of one group or category of people from others” (Hofstede et al. 2010, p.5)

Table 2. The Six Dimensions of National Culture

POWER DISTANCE
INDIVIDUALISM vs COLLECTIVISM
MASCULINITY vs FEMININITY
UNCERTAINTY AVOIDANCE
LONG-TERM ORIENTATION vs SHORT-TERM ORIENTATION
INDULGENCE vs RESTRAINT

This paper is focused on customer buying behavior from a cultural point of view and it can be researched by using these dimensions in order to find explanations for certain kind of behavior. To get reliable results this research will use the following dimensions that can be easily applied to the target group of the study; Finnish and foreign students. The scores mentioned later in this chapter when talking about country comparison are based on the country scores provided by a Country Comparison Tool on *geert-hofstede.com*. All examples are given for comparison purposes to examine cultural differences later in this paper.

3.3.1 Uncertainty Avoidance

Uncertainty Avoidance expresses to what extent people in different countries generally “feel either uncomfortable or comfortable in unstructured situations” (Hofstede 2011, p.10). These kinds of situations are unexpected and completely new. Cultures and groups of people with high uncertainty avoidance do not want face unknown situations

but need certainty and predictable events in their life instead. The opposite cultures with low uncertainty avoidance are more open minded and ready to face unexpected occasions. (Stoll 2010)

Out of 100, Finland scores 59 for its degree of uncertainty avoidance. This means Finland has relatively high rate for uncertainty avoidance. However, Spain scores 86 and Sweden only 29, which indicates a significant difference between European countries.

3.3.2 Individualism versus Collectivism

The dimension of individualism versus collectivism considers two kinds of societies; individualistic and collectivist. Individualists are expected to take responsibility for themselves for speak out their own mind instead of expressing communal opinions (Hofstede 2011).

In collectivist societies, people are loyal to the group and decisions are often “made by the group rather than by an individual” (Stoll 2010, p.14). People in collectivist cultures are integrated into the group such as their extended family or neighbors. While individualists think other people as individuals, collectivists classify others as in-group (part of a group) or out-group (outside of a certain group). (Hofstede 2011)

Finland scores 63 and Sweden scores 71 as an individualist country whereas the United States scores 91. This expresses the fact that most of the Western countries are relatively individualist societies. On the contrary, China and Vietnam both score 20, relating the fact how collectivistic values are in Asia.

3.3.3 Indulgence versus Restraint

Indulgence versus restraint is the newest dimension of Hofstede’s cultural dimension model and was added to the model in 2010. According to Hofstede, “Indulgence stands for a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun” (Hofstede 2011, p.15). In turn, restraint countries are typically controlled by the norms and regulations that give people less freedom to express their feelings. People in indulgence countries do have a relatively high per-

centage of happy people compared to restraint societies where people do not feel themselves very happy. (Hofstede 2011)

Comparing countries, Finland is an indulgent culture with a score of 57 whereas Russia can be classified as restrained country with a score of 20. The United States reached a score of 68, which indicates the freedom in the culture.

4 EMPIRICAL STUDY

In this chapter the discussed theories are applied into practice by using the selected research method I have selected. The background of the study will be explained including reasons behind it. The primary purpose of this chapter is to tell how this research was actually applied into practice and also the ways how the data was collected to complete the study.

The latter part of this chapter is focused on the questionnaire that was sent to the students at Vaasa University of Applied Sciences. The structure of the questionnaire is presented briefly. More detailed information regarding the outcome of this research will be found later in this chapter when the data gathered is analyzed. After analyzing the data collected, the reliability as well as the validity of the research will be discussed.

4.1 Background of the research

The major aim of this research was to find out how popular online travel agencies and meta-search engines are among students and whether there are differences between variables such as gender and country of origin, when buying travel services online.

As an individual with quite strong experience in OTAs and meta-search engines, I wanted to do this research to compare my own thoughts and online buying behavior to other people with either the same or different cultural background.

The questionnaire of the research was completed in October 2017 when the questionnaire was sent to the students at VAMK.

4.2 Quantitative research method

To evaluate the cultural differences based on a relatively large sample of respondents, a quantitative research method is used to prove possible variations in online buying behavior among the respondents. To expound possible cultural differences in answers, Hofstede's theory of the Cultural Dimensions is used. The theory consists of six dimensions of national culture as was explained earlier in chapter 3.

Professor Jagdish Sheth's theory for two types of buying motives -functional and non-functional motives- is referred to analyze the online buying behavior and factors that lead students to buy their travel services online.

A quantitative research method was chosen because it is normally perceived as an effective method if "you know how you will use the answers; and you can expect an adequate response rate". In addition, it was known that the majority of the answers will be received from the students who are studying at VAMK, therefore, it was expected that most answers would be truthful and reliable. (Vogt, Gardner & Haeffele 2017, p.16)

The research problem was known before designing the questionnaire and all the questions were designed to give answers needed to discuss the study. After the first trial submission a few of the questions turned to be irrelevant and were left out of the final questionnaire.

No additional interviews by individuals or certain groups were completed in any phase of this research.

4.3 Questionnaire for students

The results of this research are based on the data collected from a questionnaire that was sent to VAMK students in October 2017. However, during the response period, the link to the questionnaire was also sent to a few people who live in Asia and in the United States. Due to lack of foreign respondents this was seen as a solution to receive enough answers from people whose country of origin is located outside Europe in order to get more data from other continents as well so that the data could be analyzed taking cultural factors into account.

4.3.1 Structure of the questionnaire

The survey form consisted of a total of 14 questions of which a few included multiple statements or sub-questions. Besides gender and country of origin, the respondents were

also asked how often they usually travel and how familiar they are with online travel websites.

The majority of the questions were required to be answered by using a scale from 1 to 5, based on the frequency, for example, of how often the respondents travel or visit certain websites mentioned in the survey form.

The respondents were also asked to answer to what extent they either disagree or agree with commonly presented statements about booking online as well as advantages or disadvantages of it.

The last three questions were designed to determine how important factors such as payment security, reliability of websites and reviews by other travelers are viewed among respondents.

4.4 Result Analysis

4.4.1 Gender & Country of Origin

The questionnaire resulted in a total of 96 responses of which 66.7% were given by female students and 33.7% by male students within a two-week response period. This relatively significant gap in response activity between genders can be explained either with a lower number of male students at VAMK or a higher response activity of females when it comes to filling surveys online. The share of female respondents was higher in most countries, however, there were countries with only one respondent; consequently no country-based analyze can be done besides Finland where the share of female respondents was 63.7% of the total number of Finnish respondents.

The cultural diversity of the answers was wide; there were respondents from 14 different countries. However, the majority of responses (57.3%) were received from Finnish students. The second most popular cultural area was Asia (24%) including several countries with such a small sample of answers making it impossible to analyze each country individually. European countries – including Russia but excluding Finland – accounted for 8.3% of the total number of responses while 7.3% of the answers were received

from the United States. Only 3.1% of the responses were submitted by students whose country of origin was located in Africa.

4.4.2 Travel Frequency

When asked “How often do you travel a year?” the majority of respondents (68.8%) answered they travel one to three times a year. There were no exceptions based on the country of origin or gender since both genders answered equally in relation to the number of female and male respondents.

When taking a more detailed look at the results considering travel frequency, 8.3% of the students said they do not travel at all, surprisingly all of these students were from Finland. However, must be taken into account the large number of Finnish respondents compared to the total number of foreign respondents.

The share of very engaged travelers who traveled seven or more times a year was also 8.3%, which can be considered relatively high number of active travelers among the students at VAMK. On the other hand it was not specified in the question if domestic traveling was being counted in.

4.4.3 Online Travel Booking

On average the respondents of this survey were familiar with online travel websites. Altogether 79.2% were either familiar or very familiar with online booking sites. Those who were not familiar at all were Finnish respondents who did not travel.

When looking at the results an important fact is that the majority (96.9%) of respondents had booked their travel services such as flight tickets or hotels online. The ones who had never booked online before did not travel either. Based on these results it can be noticed online travel websites are somewhat known and popular among students all over the world.

The students studied were asked how often they do online booking when traveling; the majority of the respondents booked their travel service either every time (47.3%) or

usually (35.5%) when they traveled. The answers were not significantly varied when examining cultural background as a factor that would affect booking frequency.

Examining what kinds of services travelers normally booked online it seems flight tickets are the most booked service today. There were no cultural differences in the results since the results show flights or hotels are both popular in all countries involved in this research. Nevertheless, getting travel insurance through online channels was not a trend among the respondents who participated in this study.

Most respondents from Asian or African countries either had never or rarely rented a car online whereas close to 40% of respondents from European countries or the USA had sometimes or even more frequently rented a car online.

The general opinion among respondents was that booking online is cheaper compared to other ways of booking. The majority of them also agreed that online booking saves time and is easy. This was agreed to by over 90% of the respondents. However, searching for the best travel deals was unanimously seen as a time-consuming process.

When asked whether physical travel agencies provide more specialized expertise compared to the ones operating online the respondents had no strong opinion; more than one third of the students neither agreed nor disagreed with the statement. Instead, reviews of other travelers play a significant role in the phase where travelers are planning for their next trip.

Sometimes multi-airline itineraries - flight tickets including more than one airline – are seen as a cheaper travel option. This assumption was not approved by the respondents of whom the majority had no opinion about it. Based on the answers, the majority of Americans disagreed with the statement.

4.4.4 Technology

Even though the number of mobile phone users has been increasing evenly over the past few years the number of travelers who book their services using mobile phones does not go hand in hand with the growth; only 12.5 percent of the respondents were actively using their mobile phones to book flights or hotels for example. On the contrary, the ma-

jority never booked their travel services via a mobile phone but mobile booking was still somewhat common among active travelers who traveled at least six times a year.

The most popular device to book flights or hotels still seemed to be either a PC or a laptop. Even other portable devices including iPads or tablets were not normally used when travelers made their travel plans online. Regardless of the services booked online, on average, travelers still preferred to book them via a PC or a laptop.

4.4.5 Websites

In the theoretical study of this thesis a table of well-known travel websites (Table 1.) was presented; the table was divided into sections in which these websites and their parent companies were listed. Based on this table the respondents were asked how often they visited these certain websites. The most actively visited online meta-search website – by percentage – was *Booking.com* (47.9%). In addition, *TripAdvisor* was either frequently or always visited by 42.7% of all respondents.

The least visited websites were *Ctrip.com*, *Kilroy Travels* and *Hostelworld*. These travel sites got the largest number of respondents who had never visited the websites when planning their next trip.

Obviously the country of origin can be one of the major factors when comparing the popularity of different travel websites. For example, numerous travel websites might have a stable position in certain countries compared to other countries. Sites such as *Airbnb.com* provide accommodation services globally but, apparently, is not equally as popular among Asian people and European people; in this study the respondents from Asian countries visited *Airbnb.com* relatively more often than the European respondents. The lack of active visitors on *Kilroy Travels* seems to be related to the fact that the website mainly operates and advertises in the Nordic countries, therefore, it is not easily available to people outside of the Nordic countries or elsewhere. The link between the country of origin and the frequency of visiting different websites was obvious when analyzing the results.

On average, the respondents also used these websites occasionally when traveling domestically in their home country. Americans appear as the most active users of these travel websites when traveling domestically.

4.4.6 Purchase Decision

Reliability and payment security were both considered as important although reliability was only seen moderately important in Africa. The sample of African students was not big enough to make further assumptions about the effect of geographic factors.

When looking at The FFF-Model (Figure 3), the purchase decision is based on the following factors: trust, privacy and security. The outcome of the research proves that these factors are still seen very important when filtering possible purchasing options. The importance of well-known brands when making the decision is relatively high, even though the answers were evenly distributed among the U.S. citizens. In addition the best price determines the final service provider chosen; besides security, trust and privacy also the price affects the decisions.

4.4.7 Cultural differences in online buying behavior

There were respondents from 14 different countries but the sample of each country was relatively small to observe significant differences. However, the students from Asian countries do not normally rent cars through OTAs while Americans do not buy travel insurances online.

Regardless, students from each of these countries were aware of OTAs and had booked travel services through online travel agencies at least once. A significant number of Asian and American respondents said they also use OTAs or meta-search websites when looking for accommodation or flights domestically in their home country whereas African students hardly ever used them domestically.

When studying the answers given by the Finnish students it can be seen they hardly ever reserve travel services via mobile phone although Finland is considered as technology-oriented country due to the mobile game industry and other IT (Information Technology) industry.

The studied Americans do not make their purchase decisions based on other people's reviews or brand loyalty. In that sense their buying behavior slightly differs from the students from other countries who like to read reviews and are therefore more prone to making a decision based on other travelers' opinions. While students from other countries think sales campaigns are moderately or very important when choosing the service the studied Americans think campaigns are only somewhat important.

The general opinion among the representatives of all cultures in the study was that reliability and trust, as well as privacy of customers are each very important factors when filtering elements before making the purchase decision. Hofstede's theory of Cultural Dimensions introduces a dimension called *Uncertainty Avoidance* that can be applied to the results. Despite relatively low degree of uncertainty avoidance of certain countries participating in this research, the results show that when it comes to technology, such as booking travel arrangements via a mobile phone, the students from each country have not yet adopted to the latest technology as the majority of the respondents still book their travel services using their PC.

In addition, reliability, trust and payment security were all considered very important among the respondents from all the cultural backgrounds, which indicates that everyone wants to secure their privacy and not take any risks by booking from suspicious websites. Reliability was seen more important than cheap prices or other sales campaigns.

4.5 Summary

To summarize the results, the majority of the students travel one to three times a year and book their trips online; the most popular services reserved are flights and accommodation, however, rental cars were also reserved online sometimes.

In general, students perceived being familiar with different online travel websites of which the best known among students were *Booking.com*, *TripAdvisor* and *Skyscanner*. Their popularity can be explained by the country of origin since a few of the websites listed in the questionnaire are mainly used in certain continents and not well-known all over the world. This fact resulted in a significant gap of popularity between different websites.

In spite of the increasing number of mobile phone users, the studied students preferred to book their travel services through a PC or a laptop (Table 3) instead of mobile devices such as tablets or smart phones (Table 4).

Booking online was generally seen as an easy and time-saving way to buy travel services. However, searching for the best deals was seen as time consuming instead. The majority of the respondents think booking online is often cheaper compared to other ways. An interesting observation was that students had no clear opinion when asked whether physical travel agencies had more specialized knowledge about the travel services available.

Payment security and reliability of OTA's were both seen as very important when booking online. In addition, reviews by other travelers were also seen moderately important when defining the reliability of certain services or websites. These were seen as important factors when making purchase decisions online but also factors like sales campaigns and brand loyalty were seen moderately important among the students.

Table 3. Online Booking via PC / Laptop

Do you book your travel services via PC / Laptop	%
Never	3,1%
Rarely	1,0%
Sometimes	9,4%
Often	37,5%
Every time I travel	49,0%

Table 4. Online Booking via Mobile Phone

Do you book your travel services via mobile phone	%
Never	44,8%
Rarely	21,9%
Sometimes	20,8%
Often	10,4%
Every time I travel	2,1%

4.6 Reliability and Validity of the research

The reliability of the research can normally be seen dependent on the number of responses; the larger the sample is, the better average outcome can be indicated. In case of a large sample of answers, the variety of responses makes it easier to find differences between certain groups and factors such as cultural background or the gender of the respondents.

The questionnaire was sent to the students at VAMK but also to a few people who live outside Europe in order to increase cultural diversity in responses. Since the link to the questionnaire was sent directly to the students' email addresses the risk of getting untruthful responses from outsiders was certainly low.

As cultural-based behavior cannot be proven absolutely because exemptions are tend to happen, more respondents from each country should have participated in the study in order to form reliable assumptions towards cultural differences in online buying behavior. From a perspective where cultural differences were studied this study cannot be considered reliable due to the small number of answers from foreign students.

Hofstede's theory of Cultural Dimensions was useless when observing the data from such a small sample. There were no remarkable differences in online buying behavior when it comes to buying travel services online. Although Hofstede's theory introduces descriptions of each of these countries involved in this research, the answers did not bring up remarkable differences between the countries. Instead of cultural theory this study still confirms the idea of the FFF –Model discussed in the theoretical section of the thesis.

This research was conducted by using the latest information available; also the questions were designed to find out detailed information about online buying behavior. A possible mistake considering the intended measurement was made when designing the questions since the respondents were not asked how much money they normally spend when buying travel services. This could have given more data in order to compare possible cultural differences between the respondents.

5 CONCLUSIONS AND SUGGESTIONS

The writing process started in March 2017 after collecting possible theories to use in the research. Searching for reliable and informative theories was extremely difficult since the most of cultural theories I found had normally been applied to researches discussing work culture instead of buying behavior.

The topic was interesting and I worked with it with passion. Unfortunately the findings were not what I expected due to the low response rate and lack of cultural diversity. There were certain things that should have been considered more carefully before starting the empirical research, for example, what if there will not be enough responses from different countries? Also, to study the differences in buying behavior there could have been questions related to the amount of money spent on travel services.

Answering the research problems “What factors have led people to buy their tourism services online instead of buying from traditional travel agencies?” and “What kind of tourism services do people want to buy and whether there are any cultural differences in consumer buying behavior?”, the results show that flight tickets and hotels are the most popular travel services bought through online travel agencies.

The reasons why online travel agencies are perceived more attractive than traditional travel agencies where you can discuss the travel plan with an employee who has specialized knowledge about the products available, are simple; booking online is faster, more convenient and you can choose the best offer available by using meta-search engines that filter the best hotels deals or the cheapest flight tickets to the customer in a few seconds. In addition, reviews by other travelers are easily available and therefore people can make the decision based on ratings by prior customers who have bought the service.

All in all, this research shows the purchase decisions are made based on the following elements: privacy, trust and security. The FFF-Model can be applied to this type of online shopping as well, and it can be stated that students' behavior in buying travel services follows the similar formula as in any type of online shopping.

With a larger number of respondents from different countries the effects of cultural background could be examined accurately. The data collected in this research results in

a weakly reliable analysis that can be used as a framework for future studies considering online travel industry.

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Questionnaire for the students

1. Gender?

MALE FEMALE

2. What is your country of origin?

(Max. 20 characters)

3. How often do you travel a year?

(Use a scale 1= I don't travel 2= 1-3 times
3= 4-6 times 4= 7-10 times 5= 10< times)

1 2 3 4 5

4. How familiar are you with online travel booking websites?

(Use a scale 1= Not familiar at all 2= Not very familiar 3= I don't know 4= Familiar 5= Very familiar)

1 2 3 4 5

5. Have you ever booked your travel services (flights, hotels etc.) online?

YES NO

6. IF YES, how often do you book your travel services online?

Every time I travel

Usually when I travel

Sometimes when I travel

Rarely when I travel

Hardly ever when I travel

7. Do you book your travel services via

(Use a scale 1=Never 2=Rarely 3=Sometimes 4=Often
5= Every time I travel)

MOBILE PHONE	1	2	3	4	5
TABLET/PAD	1	2	3	4	5
PC / Laptop	1	2	3	4	5

8. What kinds of travel services do you buy online?

(Use a scale 1= Never 2= Hardly ever 3= Sometimes 4= Often 5= Every
time I travel)

Flight tickets	1	2	3	4	5
Accommodation	1	2	3	4	5
Car rental	1	2	3	4	5
Travel insurance	1	2	3	4	5

9. How often do you visit the following websites when planning your trip?

(Use a scale 1= Never 2= Hardly ever 3= Occasionally 4= Frequently 5=
Every time I travel)

Airbnb	1	2	3	4	5
Booking.com	1	2	3	4	5
Ctrip.com	1	2	3	4	5
Ebookers	1	2	3	4	5
Expedia.com	1	2	3	4	5
Hostelworld	1	2	3	4	5
Hotels.com	1	2	3	4	5
Kilroy.fi	1	2	3	4	5
Momondo	1	2	3	4	5
Skyscanner	1	2	3	4	5
TripAdvisor	1	2	3	4	5

10. Do you also use these websites when traveling domestically (in your home country)?

(Use a scale 1= Never 2= Hardly ever 3= Occasionally 4= Frequently 5= Every time I travel)

1 2 3 4 5

11. To what extent do you agree or disagree with following statements:

(Use a scale 1= Strongly Disagree 2= Disagree 3= Neither Agree or Disagree 4= Agree 5= Strongly Agree)

“Booking online is cheaper than other ways”

1 2 3 4 5

“Booking online is easy and saves time”

1 2 3 4 5

“Searching for the best deals is time-consuming”

1 2 3 4 5

“Physical Travel Agencies have more specialized expertise”

1 2 3 4 5

“Reviews by other travellers help to choose the most suitable hotel”

1 2 3 4 5

“Booking multi-airline itineraries is relatively cheaper than using only one airline”

1 2 3 4 5

“Most online travel agencies charge me to pay by credit card”

1 2 3 4 5

12. To what extent, how important do you think the reliability of these websites?

(Use a scale 1= Not important at all 2= Not very important 3= Somewhat important 4= Moderately important 5= Very important)

1 2 3 4 5

13. To what extent, how important is payment security on your online booking decision?

(Use a scale 1= Not important at all 2= Not very important 3= Somewhat important 4= Moderately important 5= Very important)

1 2 3 4 5

14. To what extent, how important are the following factors when you are booking online?

(Use a scale 1= Not important at all 2= Not very important 3= Somewhat important 4= Moderately important 5= Very important)

Reviews by other travelers	1	2	3	4	5
Well-known brands / companies	1	2	3	4	5
Sales campaigns	1	2	3	4	5